

Step-by-Step Guide to Starting a Business in Cambridge

A word from Robert W. Healy, Cambridge City Manager

The City of Cambridge is dedicated to maintaining its competitiveness and desirability as the place to live, work, and do business. Cambridge's continual growth and development depend, in part, upon the quality and timeliness of the information and services delivered by the City. This pamphlet has been prepared to assist residents, businesses, and developers in moving through the City's regulatory processes as easily as possible, by removing unnecessary confusion, delays, and costs. This pamphlet is one in a series, and is part of the City's ongoing effort to sustain livable neighborhoods and a positive business climate.

*Robert W. Healy,
City Manager*

This document explains the steps involved in starting a business in the City of Cambridge. It is meant to provide a general overview of the process and regulatory requirements; individual businesses must determine which specific regulatory requirements apply to them. Please read this entire brochure to better understand the different federal, state, and local regulatory requirements in opening a new business.

What is the first step in starting a business?

There are several critical elements to consider in starting a business. The potential business owner should have researched the chosen field of industry, developed a sound business plan, acquired the necessary capital, and considered the need for staff and equipment. An accountant, banker, lawyer, and insurance agent should be consulted for financial, legal, and other professional advice. Additionally, homeowner's insurance and automobile insurance may require adjustments to reflect business uses. Please note: Within the City's Community Development Department (CDD), there is an Economic Development Division with professional staff available to assist start-up and existing businesses to develop business plans, obtain financing, and find real estate sites. Contact information for all City departments and Federal and State agencies mentioned in this brochure is listed at the back of the brochure.

What types of ownership are there?

There are three main forms of business ownership: corporation, partnership, and sole proprietorship. Corporations and partnerships have sub-classifications. For example, partnerships can be either general or limited with the main difference between the two types of partnerships being the amount of liability assumed by each of the partners. The type of ownership should be chosen after careful consideration of the pros and cons of each type with respect to division of profits and losses, liability, taxes, etc. It is advisable to consult a lawyer for further clarification.

What must be considered in identifying a business site?

The City's Zoning Ordinance governs land and building uses in Cambridge. Depending on the particular zoning district in which the business location is proposed, the use may be:

- (1) permitted as of right, which requires no zoning relief
- (2) permitted with the grant of a Special Permit by the Planning Board (PB) or Board of Zoning Appeal (BZA) after demonstrating that certain specified conditions can be met, or
- (3) not allowed by the Zoning Ordinance. Where use is not allowed by zoning, a variance from the provisions of the Ordinance may be sought by petitioning the BZA for relief. (It should be noted, however, that there is no certainty that a variance will be granted.)

Businesses seeking to rent space can generally rely on the landlord for counsel on whether the proposed use fits within the provisions of the Zoning Ordinance. Business owners seeking to purchase, renovate or build a new building should contact the Inspectional Services Department (ISD) or the CDD early in their site selection process in order to determine whether their proposed business can be located as of right. If it is necessary to apply for a special permit or seek a variance, the prospective business owner should initiate the application at the earliest possible time, as the process can take three to five months. For this reason, locating the business in a non-residential zoning district as of right is preferable. Further information on the City's Zoning Ordinance can be obtained by contacting CDD or ISD.

What federal requirements must be considered or met?

- **Internal Revenue Service.** A business must have a taxpayer identification number so that the IRS can process its tax returns. There are two kinds of taxpayer identification numbers: a Social Security Number (SSN) and an Employer Identification Number (EIN). All corporations and partnerships must obtain a federal EIN by completing the IRS Form SS-4. Additionally, regardless of the form of ownership, any new business that has employees, has a Keogh plan or files employment, excise information

or alcohol, tobacco or firearms returns must obtain an EIN. The application must be filed with the IRS early enough to receive the EIN by the time a return or statement is filed or a tax deposit is made. A business can apply by telephone to get an EIN immediately. If applying by mail, file Form SS-4 at least 4 to 5 weeks before an EIN is needed. For additional information on business-specific taxes and payment schedules, the IRS should be contacted directly.

- **Americans with Disabilities Act (ADA).** The ADA is a Federal civil rights law that prohibits discrimination against people with disabilities in everyday activities, such as buying an item at the store, going to the movies, enjoying a meal at a local restaurant, exercising at the health club, or having a car serviced at a local garage. To meet the goals of the ADA, the law established requirements for businesses of all sizes. These requirements went into effect on January 26, 1992. Businesses that serve the public must modify policies and practices that discriminate against people with disabilities; comply with accessible design standards when constructing or altering facilities; remove barriers in existing facilities where readily achievable; and provide auxiliary aids and services when needed to ensure effective communication with people who have hearing, vision, or speech impairments. All businesses, even those that do not serve the public, must comply with accessible design standards when constructing or altering facilities. For more information, visit www.ada.gov, or contact the City's Commission for Persons with Disabilities at www.cambridgema.gov/DHSP2/disabilities.cfm.
 - **U.S. Department of Commerce.** Trademark and patent registration are done through the Department of Commerce. A trademark, which can be a word, name, symbol, or logo, is used to identify a particular good or service and to differentiate it from those sold by other people. Trademarks can be registered at both the federal and state level. Patent registration allows exclusive right to make, sell, or use an invention, which is new and useful.
 - **Library of Congress.** Copyrights lend protection for one's creative work. Literary works, computer programs, and sound recordings are examples of work that can be protected by copyright from unauthorized copying, distribution, performance and display. The protection extends to unauthorized creation of translations and other derivative works. Federal law does not require the formalities of notice or registration to establish copyrights; however, it is still advisable to apply a copyright notice (©) and to register a copyright for each piece of work.
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What state requirements must be considered or met?

- **Massachusetts Executive Office of Labor and Workforce Development.** File an Employer's Status Report (Form 1110) with the Massachusetts Executive Office of Labor and Workforce Development (EOLWD) if one or more persons are employed for 13 weeks or more in one calendar year, or the employee payroll totals \$1,500 or more within one calendar quarter. This information is used by EOLWD to administer the State's unemployment insurance program.
- **Massachusetts Department of Revenue.** Register to collect "trustee taxes" by filing a Massachusetts Trustee Tax Application for Original Registration (Form TA-1) with the Massachusetts Department of Revenue. Trustee taxes include payroll tax, sales tax, room occupancy excise tax, and withholdings for pension plans, annuities, and retirement distribution. Those collecting a sales or use tax will receive a Sales and Use Tax Registration Certificate (Form ST-1) to be displayed at a conspicuous location on the business premises. The Department of Revenue advises on the various tax forms required and how to file them. Contact the Department's Customer Service Bureau by phone or by visiting the office.
- **Secretary of the Commonwealth's Corporations Division.** Different forms of business ownership require different types of state authorization. A corporation is required to file Articles of Organization with the Secretary of the Commonwealth's Corporation Division. The Secretary of the Commonwealth also issues Certificates of Limited Partnership or Limited Liability Company.
- **Massachusetts Department of Industrial Accidents.** In accordance with the State's Worker's Compensation Law, if a business has one or more part-time or full-time employees, obtain Worker's Compensation Insurance from any casualty insurance company.
- **Massachusetts Architectural Access Board.** The Massachusetts Architectural Access Board (AAB) is a state agency, which has developed regulations designed to make public buildings accessible to, functional for, and safe for use by persons with disabilities. The AAB's regulations, available on its website, www.mass.gov/aab, are incorporated in the Massachusetts building code as a "specialized code", making them enforceable by all local and state building inspectors, as well as by the AAB itself. These regulations are designed to provide full and free use of buildings and facilities so that persons with disabilities may have the education, employment, living and recreational opportunities necessary to be as self-sufficient as possible and to assume full responsibilities as citizens. For more information and technical assistance contact the City's Commission for Persons with Disabilities at www.cambridgema.gov/DHSP2/disabilities.cfm.

- There are many occupations and services, which require a license, or an examination/approval from the appropriate state agency. A partial list of these occupations and services, along with contact numbers, is provided at the back of this brochure. For a complete listing, visit the Commonwealth of Massachusetts web site:
<http://www.state.ma.us/reg/boards.htm>
 - Other industry specific requirements: The Alcoholic Beverage Control Commission licenses and regulates manufacturers, distillers, wholesalers, importers, agent brokers, solicitors, and liquor transportation companies. If smoke or air pollution is a component of the new business, an Air Pollution Permit may be required from the Department of Environmental Protection, Division of Air Quality Control.
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What local regulations must be considered or met?

The City Clerk's Office issues business certificates for anyone conducting business under a name that is not their own. For example, Jane Doe operating a business named Jane Doe would not need a business certificate. However, if the business name were Jane Doe Associates, she would need to obtain a business certificate. The business must also register with the Assessor's office by filling out a Form of List. The form is used to aid the City in determining a fair and equitable tax assessment on business property.

Various Cambridge City departments issue different types of licenses and permits. The list below is not all encompassing; it contains only those licenses and permits appropriate to new businesses. Please note that some occupations require both city and state licenses, e.g. auctioneers.

City Clerk's Office

- **Business Certificate** - for the establishment of any business in a name other than the owner's.
- **Projecting Sign/Banner Permit** - to place signs or hang banners if either the sign or banner projects more than six inches over the public sidewalk or way, including A-frame signs and sandwich board signs. This permit is issued by the Public Works Department, but the process is initiated with the City Clerk's Office.

Community Development Department

- **Development Consultation** - allows for the City's professional staff to review and comment on real estate development proposals.

Emergency Communications Department

- **Emergency Contact Information** – businesses may register their nighttime or weekend emergency contact information with the City's 911 Center.

Fire Department

- **Fire Protection Equipment Permit** - for any work related to a fire protection device including sprinkler system, water main, hydrant, or fire alarm system in a building.
- **Permits for Flammable Liquids, Solids, and Gases** - to keep, store, manufacture, or sell combustible materials, such as in gas stations and biotech research laboratories.

Inspectional Services Department (ISD)

Business-Related Permits/Licenses

- **Food Handler's Permit** - to handle and serve food to patrons, i.e. restaurants, fast food establishments and hotels.
- **Manufacture of Frozen Desserts and/or Ice Cream Mix Permit** - to manufacture and sell frozen desserts and/or ice cream mix.
- **Milk Permit** - to sell milk, i.e. for convenience stores, restaurants, and corporate cafeterias.
- **Tobacco Sales Permit** - required for any businesses selling tobacco products to the public. Applies to counter sales and vending machine sales.

Building-Related Permits

- **Building Permit** - to construct, alter, repair, or demolish a structure.
- **Certificate of Inspection** - to certify that buildings used for purposes of assembly, lodging, and institutional care meet minimum requirements to safeguard the public. A new certificate is required to increase seating capacity in establishments such as restaurants and theaters.
- **Certificate of Occupancy** - to certify that a structure is constructed or altered in accordance with the State Building Code and the City's Zoning Ordinance. Required as part of the building permit process or when there is a change in use of the business establishment.
- **Signs and Banners Permit** - a sign permit is required for the installation, modification, or repair of all signs and banners in Cambridge, including awnings and canopies.
- **Other building-related permits** - ISD issues permits to licensed persons for work related to gas, mechanical equipment, plumbing, and wiring.

License Commission

Occupation-Related Licenses

- **Auctioneer License** - to conduct an auction sale.
- **One-Day Auctioneer License** - issued to a person licensed in the Commonwealth of Massachusetts to conduct a one-day auction in the City of Cambridge.
- **Hackney License** - to drive a taxi cab.
- **Innholder License** - to run an inn in the City of Cambridge.
- **Palm Reader License** - to tell fortunes, and read palm and tarot cards.
- **Peddler/Vendor License** - to sell goods or articles.

Business-Related Licenses

- **Alcoholic Beverage License** - allows an establishment to serve liquor, i.e. restaurant or club.
- **Antique Store License** - to keep, purchase, store, sell, barter, or exchange antiques and precious metals.
- **One-Day Auction Sale License** - can only be obtained by a current Commonwealth of Massachusetts Auctioneer license holder.
- **Common Victualer License** - allows food and non-alcoholic beverages to be sold, served, and consumed on premises.
- **Entertainment License** - to provide automatic amusement machines, automatic music machines, dancing, comedy, and other performances at a business establishment. The License Commission should be contacted directly for a detailed list of entertainment and entertainment devices requiring this license.
- **Garage and Gasoline License** - for a commercial or residential parking garage with space for 3 vehicles or more to keep and store flammables.
- **Jitney License** - to operate a vehicle for a fee along a fixed route with fixed stops.
- **Letting of Motor Vehicles License** - to operate a car rental business.
- **Livery/Limousine License** - to operate a Cambridge-based office, which provides limousine service or delivery service.
- **Lodging House License** - to run a lodging house where four or more unrelated persons share a kitchen or a bathroom.
- **Medallion Owner** - to own a taxicab.
- **Open Air Parking License** - to operate an open-air parking lot that charges a fee.

- **Package Goods Store License** - to sell alcoholic beverages not to be consumed on premises.
- **Pawnbroker License** - to operate a storefront pawnbroker business.
- **Second-Hand Goods Store License** - to sell or accept trade in second hand or used items.
- **Seasonal Decorations License** - to sell Christmas trees or wreaths.
- **Used Car Dealer Class I License** - to sell new vehicles.
- **Used Car Dealer Class II License** - to buy, sell, exchange, or assemble second-hand motor vehicles or parts thereof.
- **Used Car Dealer Class III License** - to sell or buy used parts or non-operative (junk) vehicles.

Police Department

- **Holiday Store Opening Permit** - to conduct business on Sundays and holidays.

Public Health Department

- **Biosafety Users Permit** - for biotech companies working on recombinant DNA.
- **Funeral Director License** - available to those on the State issued list of funeral directors eligible to be licensed in its municipalities.
- **Laboratory Animal Permit** - to conduct animal testing. The permit is issued by the Commissioner of Laboratory Animals, a commission administered by the Public Health Department.
- **Massage Therapist License** - to professionally practice massage therapy.

Public Works Department

- **Construction/Excavation Permit** - for construction projects requiring excavation, such as for the installation of electricity, gas, telephone, steam line, fire protection, sanitary sewer, storm drain, water service, curb cuts, monitoring wells, and bike racks.
- **Sidewalk Obstruction Permit** - required for sign installation, facade renovations or exterior demolition.

Traffic, Parking and Transportation

- **Commercial Parking Permit** - to build a new commercial parking facility open to the public for a fee or modify an existing commercial parking facility.
- **Inter-Departmental Parking Facility Registration Form** - to establish or change the amount of off-street parking used for business, i.e. for customers and employees.

- **Valet Parking Permit** – to operate valet parking services from a public way.
- **Loading Zone Designation** – to allow for designated loading space on a public way.
- **Curb Cut Permit** – to allow the construction of driveway access onto a public way. Requires approval of Public Works, Inspectional Services, Historical Commission, Public Works, Fire, and City Council.
- **Temporary Street Obstruction (i.e. Moving Van) Permit** – required for temporary street obstruction for moving vans, large loads, tool trucks, dumpsters, etc. on a public way.

Water Department

- **Cross Connection Permit** - applies to new and existing construction projects to protect the public drinking water supply from pollutants and contaminants.
 - **Water Works Construction Permit** – All water works construction on public and private property, including new water lines, demolition sign-offs, repairs and fire protection line service with fire pump and fire flow testing.
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Are there other considerations for home-based businesses?

- One of the biggest considerations for home-based businesses is zoning. Zoning regulations allow home-based businesses under certain circumstances. Such businesses are generally limited to customary home occupations and to recognized professions such as dentists, doctors and lawyers. Specific questions can be directed to ISD.
 - The Americans with Disabilities Act of 1990 requires businesses operating as places of public accommodation, whether home-based or not, to remove barriers to access whenever it is "readily achievable." Detailed information may be obtained from the City's Commission for Persons with Disabilities at www.cambridgema.gov/DHSP2/disabilities.cfm.
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How do I contact the various departments and agencies mentioned in the brochure?

CITY OF CAMBRIDGE CONTACTS:

(Business Hours are Monday~8:30AM-8:00PM; Tuesday-Thursday~8:30AM-5:00PM; Friday~8:30 AM-Noon except when specified or observed holidays.)

Assessing Department

795 Massachusetts Avenue, Cambridge City Hall.

Phone 617/ 349-4343; Fax 617/ 349-4357; TTY 617/ 349-4242

City Clerk's Office

795 Massachusetts Avenue, Cambridge City Hall.

Phone 617/ 349-4260; Fax 617/ 349-4269; TTY 617/ 349-4242

Commission for Persons with Disabilities

51 Inman Street, 2nd Floor.

Phone 617/ 349-4692; Fax 617/ 349-4766; TTY 617/ 492-0235

Community Development Department

344 Broadway, City Hall Annex, 3rd Floor

Phone 617/ 349-4600; Fax 617/ 349-4669; TTY 617/ 492-4621

Emergency Communications Department, Hours: 8:30 A.M. - 5:00 P.M

489 Broadway

Phone 617/ 349-6911; Fax 617/ 349-6918; TTY 617/ 499-9924

Fire Department Headquarters, Hours: 8:00 A. M. - 4:30 P. M.

491 Broadway.

Phone 617/ 349-4918; Fax 617/ 349-4912; TTY 617/ 499-9924/9932

Inspectional Services Department

831 Massachusetts Avenue.

Phone 617/ 349-6100; Fax 617/ 349-6132; TTY 617/ 349-6112

License Commission

831 Massachusetts Avenue

Phone 617/ 349-6140; Fax 617/ 349-6148; TTY 617/ 349-6112

Police Department, Hours: 8:30 A.M. - 5:00 P.M

5 Western Avenue.

Phone 617/ 349-3300; Fax 617/ 349-3007; TTY 617/ 499-9924/9932

Public Health Department, Hours: 8:30 A.M. - 5:00 P.M.
119 Windsor Street.
Phone 617/ 665-3800; Fax 617/ 665-3888; TTY 617/ 498-1462

Public Works Department
147 Hampshire Street.
Phone 617/ 349-4800; Fax 617/ 349-4814; TTY 617/ 349-4805

Traffic, Parking & Transportation
344 Broadway, City Hall Annex, 1st Floor
Phone 617/ 349-4712; Fax 617/ 349-4747; TTY 617/ 492-4621

Water Department
250 Fresh Pond Parkway
Phone 617/ 349-4770; Fax 617/ 349-4796; TTY 617/ 492-0235

<p><i>Contact all City departments at the City's Web Site at:</i> <u>http://www.cambridgema.gov</u></p>
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State of Massachusetts Contacts

Massachusetts Office of Labor and Workforce Development, Division of
Unemployment Assistance
19 Staniford Street, Boston, MA 02114
Phone 617/ 626-6560 <http://www.detma.org/>

Massachusetts Department of Revenue, Customer Service Bureau
200 Arlington Street, Chelsea, MA 02150
Phone (800) 392-6089 <http://www.dor.state.ma.us/>

Secretary of the Commonwealth, Corporations Division
One Ashburton Place, 17th Floor, Boston, MA 02108.
Phone 617/ 727-9640 <http://www.sec.state.ma.us/index.htm>

Alcohol Beverage Control Commission,
239 Causeway Street, Boston, MA 02114.
Phone 617/ 727-3040 <http://www.state.ma.us/abcc/index.htm>

Department of Environmental Protection,
One Winter Street, Boston, MA 02108.
Phone 617/ 292-5500 <http://www.state.ma.us/dep/>

State Agencies Contacts for Occupation License, Examination, or Approval

Information can be obtained by contacting the appropriate phone number below or by checking the Commonwealth of Massachusetts web site:

<http://www.state.ma.us/reg/boards.htm>

Division of Professional Licensure Contact Sheet		
Board of Registration	Phone	Fax
Allied Health Professionals: (Renewal Questions)	(617) 727-2252	(617) 727-2669
Allied Health Professionals: (All Other Questions)	(617) 727-3071	(617) 727-2669
Allied Mental Health	(617) 727-3080	(617) 727-1627
Architects	(617) 727-3072	(617) 727-1627
Barbers and Barber Shops	(617) 727-7367	(617) 727-1627
Chiropractors	(617) 727-3093	(617) 727-2669
Chiropractors: (Request a Duplicate Renewal)	(617) 727-3093	(617) 727-2669
Chiropractors: (Continuing Education)	(617) 727-3093	(617) 727-2669
Chiropractors: (Chiropractic Facilities)	(617) 727-3093	(617) 727-2669
Cosmetologists and Aestheticians: (Certification Requests or Questions)	(617) 727-9940	(617) 727-1627
Cosmetologists and Aestheticians: (All Other Questions)	(617) 727-9940	(617) 727-1627
Cosmetologists and Aestheticians: (Out of State License Candidates)	(617) 727-9940	(617) 727-1627
Cosmetologists and Aestheticians: (All Other Questions)	(617) 727-9940	(617) 727-1627
Dietitians and Nutritionists	(617) 727-9925	(617) 727-1627
Dispensing Opticians	(617) 727-5339	(617) 727-1627
Drinking Water and Supply Facility Operators	(617) 727-6171	(617) 727-1627
Electricians and Fire Alarm Technicians	(617) 727-9931	(617) 727-9932
Electrologists	(617) 727-3939	(617) 727-1627
Funeral Services and Embalming	(617) 727-1718	(617) 727-1627
Health Officers	(617) 727-9925	(617) 727-1627
Hearing Instrument Specialists	(617) 727-5339	(617) 727-1627
Home Inspectors	(617) 727-4459	(617) 727-1627
Landscape Architects	(617) 727-3072	(617) 727-1627

Massage Therapy	(617) 727-5369	(617) 727-2197
Optometry	(617) 727-3093	(617) 727-2669
Plumbers and Gas Fitters	(617) 727-9952	(617) 727-6095
Podiatry	(617) 727-3093	(617) 727-2669
Professional Engineers and Land Surveyors	(617) 727-9957	(617) 727-1627
Psychology	(617) 727-9925	(617) 727-1627
Public Accountancy	(617) 727-1806	(617) 727-0139
Radio & TV Technicians	(617) 727-4459	(617) 727-1627
Real Estate Appraisers	(617) 727-3055	(617) 727-2669
Real Estate Brokers and Sales Persons	(617) 727-2373	(617) 727-2669
Sanitarians	(617) 727-3072	(617) 727-1627
Social Workers	(617) 727-3073	(617) 727-1627
Speech-Language Pathology and Audiology	(617) 727-3071	(617) 727-2669
Veterinary Medicine	(617) 727-3080	(617) 727-1627

Federal Government Contacts:

Internal Revenue Service,

JFK Federal Building, 25 New Sudbury Street,
Boston, MA 02203.

Phone (617) 316-2850

<http://www.irs.ustreas.gov/businesses/index.html>

Department of Commerce, Patent and Trademark Office,
GIS Division, Crystal Plaza 3, Room 2CO2, PO Box 1450,
Alexandria, VA 22313-1450

Phone (800) 786-9199

<http://www.uspto.gov/>

Copyright Office - Register,

Library of Congress, 101 Independence Avenue, S.E.
Washington, DC 20559-6000.

Phone (202) 707-3000

<http://www.copyright.gov/>

City Manager

Robert W. Healy

Deputy City Manager

Richard C. Rossi

City Council

Mayor E. Denise Simmons

Councillor Brian Murphy, Vice Mayor

Councillor Henrietta Davis

Councillor Marjorie C. Decker

Councillor Craig E. Kelley

Councillor David P. Maher

Councillor Kenneth E. Reeves

Councillor Sam Seidel

Councillor Timothy J. Toomey, Jr.

The Community Development Department of the City of Cambridge has prepared a Guide to City Offices and Permitting, a city-wide map of all permit issuing agencies, their contact information, and a comprehensive listing of permits issued by various City departments. If you would like to receive a copy, please call 617/ 349-4600. Other permit brochure titles currently available by dialing the same number include:

- Step-by-Step Guide to Building Permits
- Step-by-Step Guide to Curb Cuts
- Step-by-Step Guide to Fire Safety
- Step-by-Step Guide to Obtaining Permits and Licenses Required to Hold a Special Event
- Step-by-Step Guide to Obtaining Historical Commission Certificates
- and Neighborhood Conservation District Commission Certificates

The City of Cambridge does not discriminate on the basis of disability. The City will provide auxiliary aids and services, written materials in alternative formats, and reasonable modifications in policies and procedures to persons with disabilities upon request.

The information contained in this document may not be complete or fully up to date and is subject to change. To confirm information regarding this permitting process, contact the appropriate City of Cambridge Department. This document may be used strictly for informational purposes. All other uses require the written permission of the City of Cambridge.